DEC 12 1987

United States General Accounting Office

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Briefing Report to the Honorable
John Kasich
House of Representatives

COMPLETED
12

October 1986

STRATEGIC BOMBERS

Early Retirement of B-52G Bombers

GAO/NSIAD-87-12BR

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-224050

October 8, 1986

The Honorable John Kasich
House of Representatives

Dear Mr. Kasich:

Your February 26, 1986, letter asked us to identify the estimated savings in budget authority which would occur if all B-52G bombers were retired and all of the Strategic Air Command's (SAC's) FB-111 bombers were transferred to the Tactical Air Command (TAC). You also asked us to determine the number of B-1B bombers that could be acquired from the cost reduction obtained through early B-52G retirement. Earlier this year we briefed you on the preliminary results of our evaluation and agreed to provide you a briefing report. Results of our analysis are summarized below and detailed in appendix I.

We found that retiring all 167 B-52G bombers earlier than planned could reduce future costs by about $6 billion. These reductions, mostly in annual operation and maintenance costs, would accrue during the period 1989 through 1996. Although substantial, the savings would not be sufficient or available in time to acquire additional B-1Bs. However, retirement of all B-52s in 1989 would result in a reduction, until 1996, in the number of nuclear weapons the bomber force could carry and eliminate the dedicated conventional bomber force the Air Force plans for the late 1980s. The transfer of SAC FB-111 aircraft to TAC would merely shift these costs within the Air Force and not result in savings.

The current Air Force plan is to retire, beginning in the early 1990s, SAC's 98 B-52G bombers which have been modified to carry air launched cruise missiles (B-52G/ALCM). SAC's 55 FB-111 bombers are to be transferred to TAC at about the same time. SAC's remaining 69 B-52G bombers, now serving as strategic nuclear penetrators, are to perform conventional missions (B-52G/CONV) after the late 1980s and remain in the bomber force for the foreseeable future.

Since your request did not specify a particular retirement plan, we discussed B-52 nuclear and conventional mission

requirements with the Air Force and selected several retirement plans which represent a broad range of possibilities. We analyzed options for retiring

-- all 167 B-52G bombers in 1987,

-- all 167 B-52G bombers in 1989,

-- 98 B-52G/ALCM bombers over the period 1989-1993, and

-- 69 B-52G/CONV bombers in 1989.

We estimated the potential cost reductions and the reduction in weapons delivery capability which could result from each retirement plan. We then discussed the feasibility and likely impacts of each plan with Headquarters Air Force officials.

Our analysis of cost and capability reduction for the B-52 retirement options showed:

-- Retirement of all B-52 aircraft in 1987 was not feasible because at least 2 years would be required to revise nuclear war plans, redistribute weapons and salvageable equipment, and relocate and retrain affected personnel.

-- Retirement of all 167 B-52G bombers in 1989 could result in an estimated cost reduction of $6.4 billion through 1996, but would reduce significantly the bomber force's nuclear weapons carriage capability and eliminate the dedicated conventional bombing force of strategic bombers planned by the Air Force.

-- Phased retirement of only the 98 B-52G/ALCM bombers between 1989 and 1993 would result in estimated savings of about $1.8 billion through 1996 and would also reduce the bomber force's dedicated strategic carriage capability.

-- Retirement of only the 69 B-52G/CONV bombers in 1989 would result in estimated savings of about $3.4 billion through 1996 but would eliminate the currently planned dedicated strategic conventional bombing force.

Our estimates of B-52G retirement cost reductions overstate the amount that could be realized should those bomber retirements actually occur because they do not reflect the cost of retiring B-52Gs and relocating weapons, equipment, or personnel to accommodate these changes. There was no Air force estimate of these costs available at the time of our review.

We did not request official comments from the Department of Defense on this report; however, the information contained in the report was provided to Air Force officials for review and their comments have been incorporated as appropriate.

We plan no further distribution of this briefing report until 30 days after its issue date unless you publicly announce its contents earlier. At that time, we will send copies to the Chairmen, House and Senate Committees on Appropriations and on Armed Services; the Secretary of Defense; the Director, Office of Management and Budget; and other interested parties upon request.

If you have any questions, please call me on (202) 275-4268.

Sincerely yours,

Harry R. Finley
Senior Associate Director

BUDGETARY SAVINGS AND CAPABILITY REDUCTIONS RESULTING FROM RETIREMENT OF B-52G BOMBERS

The administration's plan to modernize the strategic bomber force includes acquisition of B-1B and advanced technology bombers, retirement of some B-52G bombers, and transfer of FB-111 bombers from SAC to TAC. Earlier than planned retirement of B-52G bombers could reduce the costs of maintaining, operating, and supporting the future bomber force. Such actions, however, would reduce the bomber force's weapons delivery capability below the capability assumed in the administration's current nuclear warfighting plan. Transfer of the FB-111s would shift these costs to TAC and would not result in savings to the Air Force.

BACKGROUND

Currently, the Air Force plans to retire the 98 B-52G/ALCM aircraft beginning in the early 1990s as advanced technology bombers are deployed. FB-111s are to be transferred at about the same time. The Air Force plans to retain the 69 B-52G/CONV aircraft for the foreseeable future. Air Force officials told us these plans will be reviewed as the fiscal year 1988 budget is prepared.

BUDGETARY SAVINGS AND CAPABILITY REDUCTIONS

We estimated the potential savings from retiring B-52Gs earlier than planned by the Air force. Since the costs that could be avoided are primarily for operation, maintenance, and support of B-52G bombers, the earlier these retirements could begin, the greater the potential cost reduction.

Air Force data show it costs about $6 million per year to maintain, operate, and support a B-52G bomber. Additionally, the Air Force plans to invest about $430 million in B-52G modifications between 1987 and 1990. Using this data, we estimated the costs of operating and modifying B-52Gs as shown in table I.1.

Table I.1: Estimated Future Costs of Operating and Modifying B-52G Bombers

	1989-1991	1992-1994	1995-1996	Total
	(millions)			
B-52G/ALCM	$1,820.4	$1,069.6	$110.6	$3,000.6
B-52G/CONV	1,281.8	1,272.6	848.4	3,402.8
Total	$3,102.2	$2,342.2	$959.0	$6,403.4

Retirement of B-52Gs also reduces the number of nuclear and conventional weapons the bomber force can deliver. For example, each B-52G/ALCM bomber is capable of carrying as many as 22 nuclear weapons and each B-52G/CONV could carry 51 conventional bombs. Thus, retirement of these bombers would have a significant affect on bomber force weapons delivery capability unless new bombers were acquired to replace those that are retired earlier than currently planned. This reduction in capability lessens over time and phases out by 1996.

Future budgetary savings and associated capability reductions resulting from early retirement of B-52G bombers are directly related to the scope and timing of the retirement plan adopted. Since a specific retirement plan was not provided in your request, we discussed B-52G nuclear and conventional mission requirements with the Air Force to define options that would provide a realistic overview of the many alternatives available. We determined the future budgetary savings and the reduction in weapons capability which could result from each option. The retirement plans we analyzed included:

-- Retirement of all B-52G bombers in 1987.

-- Retirement of all B-52G bombers in 1989.

-- Phased retirements of the 98 B-52G/ALCM bombers over 5 years beginning in 1989.

-- Retirement of the 69 B-52G/CONV bombers in 1989.

Retirement of all B-52G bombers in 1987

Retirement of all B-52G bombers in 1987 would result in the greatest potential savings but also the largest reduction in planned weapons delivery capability. Air Force officials told us this plan was not feasible because an estimated 2 years would be

required to revise nuclear war plans, redistribute weapons and salvageable equipment to other bomber units, and relocate/retrain affected personnel.

Retirement of all B-52G bombers in 1989

Retirement of all B-52Gs in 1989 allows 2 years to plan and execute an orderly retirement of the 167 B-52G bombers. This plan would save about $6.4 billion and would result in a significant reduction in the number of nuclear weapons the Air Force plans for the bomber force to carry. However, the difference in projected bomber force nuclear weapons carriage capability between the Air Force's plan and this retirement option decreases over time. By 1996 the nuclear bomber force's weapons carriage capability would be the same for both plans since the Air Force is planning to have retired all B-52Gs by that time or reassign them to non-nuclear missions.

Retirement of all B-52G bombers in 1989 would also eliminate the dedicated conventional bomber force consisting of 69 B-52G bombers the Air Force plans for the late 1980s. Air Force officials told us these bombers can provide a needed combination of long range, large payload, rapid response capabilities for force projection and naval support missions. These bombers have been modified to carry Harpoon anti-ship missiles, are being included in theater commander's operational plans, and are being modified to carry the full-range of existing and future conventional munitions. While other bombers, such as B-52H and B-1B, can carry some types of conventional weapons, Air Force officials told us the National Command Authorities would have to reduce currently planned nuclear weapons delivery capability to support conventional missions with these bombers.

Phased retirement of B-52G/ALCM bomber

Early retirement of 98 B-52G/ALCM bombers over 5 years beginning in 1989 could save about $1.8 billion. Our analyses show this retirement plan would also reduce planned bomber force nuclear weapons carriage capability relative to the Air Force's plan. The reduction in nuclear weapons carriage capability lessens over time and gradually phases out by 1996 when the Air Force plans to have retired all its B-52G strategic bombers. Also, this plan retains all 69 B-52G conventional bombers in the force.

Retirement of B-52G/CONV bombers in 1989

In the late 1980s the primary role for the 69 B-52G bombers not equipped to carry ALCM changes from a nuclear to a conventional role. If these bombers were retired in 1989, we estimate $3.4 billion would be saved between 1989 and 1996. Retirement of these bombers in 1989 would not reduce planned nuclear weapons delivery capability but it would eliminate the planned dedicated conventional bombing force. Table I.2 summarizes the estimated savings and capability reductions for the three retirement plans starting in 1989.

Table I.2: Alternative B-52G Bomber Retirement Plans

Retirement plan	Year(s) of implementation	Estimated savings 1989-1996 (millions)	Estimated capability reductions	
			Nuclear	Conventional
Phased retirement of 98 B-52G/ALCM	1989-1993	$1,809.1	a	None
Retire 69 B-52G/CONV	1989	3,402.7	None	Eliminates dedicated conventional force
Retire all 167 B-52Gs	1989	6,403.4	a	Eliminates dedicated conventional force

a The specific reduction is classified.

In summary, our analyses indicate a maximum of $6.4 billion in future operating, maintenance, and support costs could be avoided if all B-52G bombers were retired in 1989 instead of being retired according to the Air Force plan. Lower savings would be obtained from retirement plans commencing later or affecting fewer bombers. Retirement of these bombers before 1989 is not considered feasible by the Air Force. Retirement of B-52G bombers would also reduce the number of weapons the bomber force

can carry unless new aircraft are acquired to replace those that are retired.

Air Force officials told us there are other factors beyond budgetary savings and capability changes which influence the desirability of retiring B-52G bombers that are not readily quantifiable. These include (1) the added risk associated with dependence on new B-1B and advanced technology bombers before these systems are mature, (2) the impact this could have on strategic arms reduction negotiations, and (3) the reduced return on millions of dollars invested in B-52G improvements.

TRANSFER OF FB-111

Transfer of FB-111 bombers to TAC would not reduce future budgetary authority needed for maintenance, operation, and support of these aircraft because those costs would be incurred regardless of which command operates these bombers. Air Force officials also told us FB-111s transferred to the TAC would still require tanker support and therefore would not significantly reduce overall tanker requirements.

USING SAVINGS TO ACQUIRE B-1B BOMBERS

Although substantial future savings could be obtained from early retirement of all B-52G bombers, these savings are not large enough or available in time to acquire 32 B-1B bombers, the minimum number considered necessary by the Air Force to economically continue production.

Air Force officials told us that 32 additional B-1B bombers represents the smallest quantity of aircraft that could be economically procured in light of the cost of restarting the B-1B production line following completion of the 100 B-1B bombers now approved. The Air Force believes a break in the B-1B production line of 12 to 18 months would be necessary to accommodate delivery of critical long lead components should additional B-1B bombers be authorized in fiscal year 1987. Our analysis of the Air Force cost estimates indicates 32 additional B-1B bombers would cost about $8.6 billion and would require initial funding in 1987 with full funding by fiscal year 1990.

Retirement of all B-52G bombers in 1989, according to our analysis, would save approximately $6.4 billion between 1989 and 1996, of which no more than about $1 billion would occur annually. During the period 1987 through 1990, when all procurement funding would be required to buy additional B-1B

aircraft, we estimate savings from B-52G retirement would amount to $2 billion.

Additionally, according to Air Force estimates, for each B-1B bomber acquired, annual maintenance, operation, and support funding of about $7 million would be needed. For an additional 32 B-1B bombers, these operation and maintenance costs would amount to about $224 million per year. Also, acquisition of additional B-1B bombers would require facility improvement to at least one existing bomber base at an estimated cost of $100 million.

Air Force officials believe B-52G bombers are suitable for the missions planned for them through the 1990s, and told us there is no plan to acquire additional B-1B bombers and no source of funds available to buy them. Accordingly, if a decision were made to acquire additional B-1B bombers, the funds needed to procure them would have to be authorized and appropriated.

OBJECTIVES, SCOPE, AND METHODOLOGY

To determine potential B-52G retirement savings, we obtained from the Air Force estimates of the annual cost to maintain, operate, and support these bombers. Since Air Force cost estimates were not available for fiscal years after 1991, we developed estimates for fiscal years 1992 to 1996 based upon the data provided. The annual maintenance, operation, and support costs which would be avoided by retiring B-52G bombers are considered savings. These savings overstate the amount that could be realized should these retirements occur because they do not reflect the cost of retiring these bombers, and relocating weapons, equipment, or personnel. These costs may be significant but there is no valid estimate of them available at this time.

Since your request did not specify a particular retirement plan, we discussed B-52G nuclear and conventional mission requirements with the Air Force to define options that would provide a realistic overview of the many alternatives available. We analyzed options for retiring all B-52G bombers, and only those aircraft assigned to each mission area. We discussed the feasibility and likely impacts of these retirement plans and FB-111 transfers with Headquarters Air Force officials. Because the retirement plans result in reductions to the number of nuclear and conventional weapons the bomber force could carry, we specifically analyzed these effects. For this analysis, we obtained bomber force structure and weapons carriage data from the Air Force and computed the changes which would result if the B-52G retirement plans were adopted.

To determine the number of B-1B bombers that could be acquired using savings obtained from B-52G retirements, we calculated B-1B acquisition costs and funding requirements using Air Force cost estimates, funding formulas, and Office of the Secretary of Defense inflation rates. We then compared these acquisition costs to estimated B-52 retirement savings.

Our audit work was performed from March through June 1986. We discussed the results of our analysis with Headquarters Air Force officials and their comments are included where appropriate. Our work was performed in accordance with generally accepted government auditing standards.

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